

Article - Tax - General

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§10–709.

(a) (1) In this section the following words have the meanings indicated.

(2) “Applicable poverty income level” means the amount specified in the poverty income standard that corresponds to the number of exemptions which the individual is allowed and claims under § 10–211(b)(1) of this title.

(3) “Eligible low income taxpayer” means an individual, or an individual and the individual’s spouse if they file a joint income tax return:

(i) whose federal adjusted gross income as modified under §§ 10–204 through 10–206 of this title does not exceed the applicable poverty income level;

(ii) whose earned income as defined under § 32(c)(2) of the Internal Revenue Code does not exceed the applicable poverty income level;

(iii) who is not claimed as an exemption on another individual’s tax return under § 10–211 of this title; and

(iv) for whom the credit allowed under § 10–704(a)(1) of this subtitle is less than the State income tax.

(4) “Poverty income standard” means the most recent poverty income guideline published by the United States Department of Health and Human Services, available as of July 1 of the taxable year.

(b) (1) An eligible low income taxpayer may claim a credit against the State income tax for a taxable year in the amount determined under subsection (c) of this section.

(2) An eligible low income taxpayer may claim a credit against the county income tax for a taxable year in the amount determined under subsection (d) of this section.

(c) Except as provided in subsection (e) of this section, the credit allowed against the State income tax under subsection (b)(1) of this section equals the lesser of:

(1) the State income tax determined after subtracting the credit allowed under § 10–704(b)(1) of this subtitle; or

(2) an amount equal to 5% of the eligible low income taxpayer's earned income, as defined under § 32(c)(2) of the Internal Revenue Code.

(d) Except as provided in subsection (e) of this section, the credit allowed against the county income tax under subsection (b)(2) of this section equals the lesser of:

(1) the county income tax determined after subtracting the credit allowed under § 10–704(c) of this subtitle; or

(2) an amount equal to the county income tax rate multiplied times the eligible low income taxpayer's earned income, as defined under § 32(c)(2) of the Internal Revenue Code.

(e) Of the amount determined under subsection (c) or subsection (d) of this section, an individual who is a nonresident or is a resident of the State for only a part of the year is allowed only a fraction:

(1) the numerator of which is the individual's Maryland adjusted gross income; and

(2) the denominator of which is the individual's federal adjusted gross income.

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